

SES-imagotag: COVID-19 Update

- Q2 sales expected to be circa €60-65m, sharply up vs. Q1, but still slightly down year-on-year due to the Covid crisis
- Continued strong momentum in order entries
- Short-term recovery outlook variable according to retail verticals and geographic region
- Increased confidence in a return to growth trajectory in H2

Thierry Gadou, Chairman and CEO , SES-imagotag Group comments: *"The current trend remains in line with our May 26th update to the market: the gradual easing of lockdowns and the return to normal levels of production activity in China should allow an improvement in Q2 sales compared to the previous quarter and substantially limit the scale of the overall decrease in sales in H1. Throughout this crisis, order entries have remained very strong, confirming our confidence in a return to growth in H2 (subject to further progress in easing lockdown measures). The growth we expect to see in 2020 will be driven by strong performances in the Americas, Asia and Northern Europe. We expect grocery retailers to be leading the recovery, but we firmly believe that in the medium term, the COVID crisis can only accelerate the adoption of digital in physical stores, across all retail verticals."*

SES-imagotag, (Euronext: SESL, FR0010282822) the global leader in Electronic Shelf Labels (ESLs) and digital solutions for physical retail, today provides a business update relating to the Covid-19 pandemic.

Recovery underway in Q2

Recovery in sales activity is now underway as a result of the gradual easing of lockdown measures and the return to normal levels of production activity.

As per the previous update, Q2 sales are expected to be around the €60m level, up circa +20% vs. Q1, but still down year-on-year reflecting the fact that the execution of several projects has had to be suspended or delayed during this period.

Some geographies are performing better than others: the decline is more marked in France and Southern Europe, while Northern Europe, America and Asia continued to grow over the period. In particular, the United States has been growing strongly.

SES-imagotag is now benefiting from its increasingly global footprint, which has had a positive impact on the Group's resilience.

Continued strong momentum in order entries

In this period of slowdown in activity, order entries are the most reliable indicators of the potential for recovery.

Following a very positive first quarter (+52% YoY and +38% on a rolling 12 months basis to the end of Q1), new orders continued to grow, providing further evidence that retailers see the digitization of stores as an increasingly important strategic priority.

Risk prevention

In this context of continued economic uncertainty, SES-imagotag is keeping in place its contingency plans to mitigate health risks, to maintain discipline over costs and investment, and to conserve cash and maintain financial flexibility.

- The gradual lifting of lockdown in France (May 11) and elsewhere has been accompanied by the imposition of strict rules on workplace hygiene and safety which have so far been effective as to date there have been no cases of COVID-19 among the workforce;
- The cost control plan currently in place, combined with a return to growth in H2, should lead to a significant improvement in profitability in H2 relative to H2 2019;
- As part of its operational performance improvement plan, the Group is currently switching its global information system to SAP. Although the switch has been subject to some delay because of the pandemic, implementation is currently only a few weeks behind the original schedule;
- Finally, with pressure on working capital due to the Covid-19 crisis (lengthening of customer payment periods, increase in inventory due to certain projects being postponed or delayed, and longer shipping times as a result of goods having to be sent by sea), the Group, with its financial partners, was able to take the necessary steps (including accessing the French Government's Prêt Garanti par l'État or PGE) to maintain operations throughout the crisis period and ensure it has been able to restart operations rapidly.

Annual General Meeting and Board composition

Following the Annual General Meeting, which was held today, the following changes in the composition of the Board have been approved.

Renaud Vaillant is leaving the Board after 12 years, having reached the maximum term to qualify as an independent director. The Board and the Annual General Meeting of Shareholders have expressed their appreciation for Mr. Vaillant's outstanding contribution to the Group during his period of service and welcome three new Directors to the Board: Franck Moison, Gang Cheng and Cenhui He.

Franck Moison, former Vice-Chairman and Senior Executive of the Colgate-Palmolive group, joins the Board as an independent director.

Gang Cheng, Senior Executive of BOE and Cenhui He, member of BOE's finance department, will serve as directors on the Board.

Outlook

Subject to lockdown continuing to ease and the pandemic continuing to be brought under control, SES-imagotag remains confident about prospects of a return to growth in the full year, thanks to a recovery in sales in the Second Half, as well an improvement in profitability relative to 2019.

In the medium to long-term, this crisis has exposed the urgency of the need to digitalize physical retail outlets and expand the potential market for the SES-Imagotag Group.

About SES-imagotag and the VUSION Retail IoT platform

SES-imagotag is a fast-growing retail tech company, listed on the Euronext Paris stock exchange, with revenues around €250 million. The company is the world leader in smart digital labels and IoT solutions for physical retail, serving over 300 large retailers around the world in Europe, Asia and America.

SES-imagotag has developed the VUSION Retail IOT technology platform to help retailers transform their physical stores into high value digital assets, more automated, data-driven, and connected in real-time to suppliers and consumers. VUSION improves pricing agility, accuracy and integrity; enables omni channel synchronization of prices, product information and marketing content; and increases the productivity of shelf replenishment and in-store picking for online orders. VUSION improves employee satisfaction by freeing up time from cumbersome low value-added tasks and allowing them to focus on customer service and merchandizing tasks. VUSION connects shelves to the cloud, providing real-time accurate information on product availability and location, allowing for reduced inventory, out-of-stock and waste, as well as improved on-shelf availability and merchandizing compliance. VUSION empowers consumers with better product, nutritional and traceability information at the shelf and enables a frictionless in-store shopping experience with features such as product search, pathfinding and cashier-less scan & pay features.

www.ses-imagotag.com

SES-imagotag is listed in compartment B of the Euronext™ Paris

Ticker: SESL – ISIN code: FR0010282822 – Reuters: SESL.PA – Bloomberg: SES

Contact

Shan – Investor Relations & Financial Communications

Sarah Levy-Quentin - Tel: +33 (0)1 44 50 03 84 / sesimagotag@shan.fr